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MONTANA LETTER

March 15, 1973

WATERFOWL HABITAT PROTECTED

Nearly 5,300 acres of wetlands and other migratory waterfowl habitat is being protected and improved this year through cooperative action of Montana farmers and ASCS.

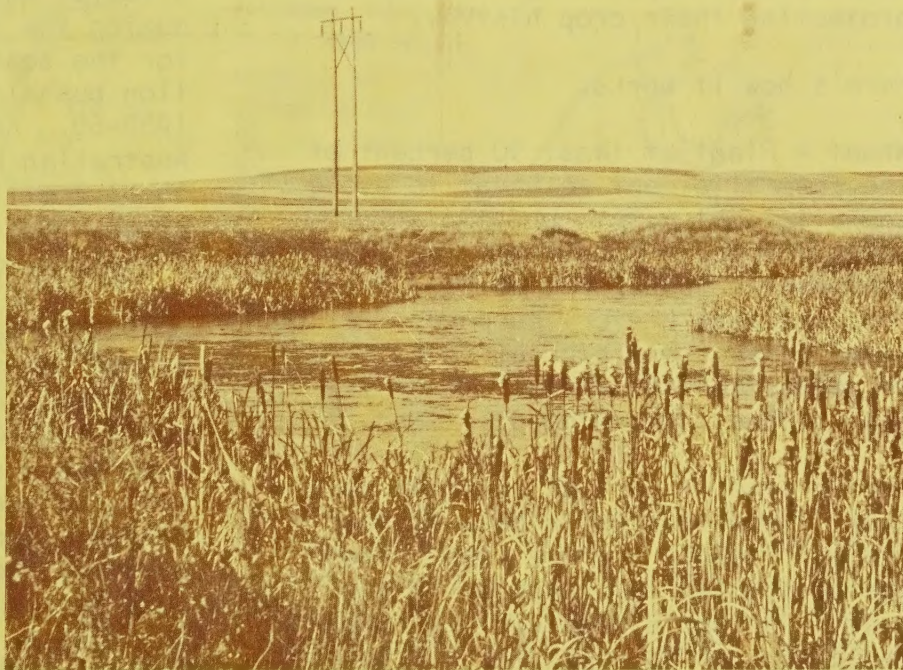
The acreage, 1,493 acres of wetlands and 3,805 acres of nesting and breeding habitat, was signed up in 1972 under the first year of the water bank program. In addition to preserving and improving habitat for migratory waterfowl and other wildlife, the program also is designed to conserve surface water, to reduce runoff, erosion and stream sedimentation and to improve water quality.

Persons having wetlands eligible for the program were offered 10-year agreements to preserve wetlands and to set-aside adjacent lands suitable for waterfowl nesting and breeding areas. The wetlands covered by the agreements may not be drained or filled or otherwise destroyed and the habitat acreage may not be grazed or harvested. Persons placing lands under agreement receive an annual payment of \$5 per acre for wetlands and \$10-

14 per acre for suitable habitat.

Forty-eight persons in six Montana counties--Daniels, Roosevelt, Pondera, Sheridan, Teton and Toole--where the program was offered in 1972 signed agreements. Their total annual payment is \$49,976. Agreements by county range from 13 in Sheridan to 4 in Teton.

Montana was one of 13 states authorized to participate in the first sign-

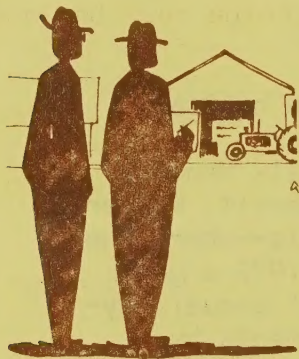


Preservation and improvement of waterfowl habitat such as this area in Pondera County are primary objectives of the water bank program. About 5,300 acres have been committed to this conservation effort in Montana.

up under the water bank. Agreements signed last year continue but no new signups are authorized this year.

PLANTING PROTECTS HISTORY

With the variety of options offered under this year's wheat and feed grain set-aside programs, farmers may need to give particular attention to planting to protect their wheat allotments and feed grain bases. This is a vital concern for producers since failure to plant enough acreage may result in a partial or total loss of allotment and base.



Substitution provisions between wheat and feed

grain, which have been an important part of the set-aside programs over the years, give farmers considerable flexibility in planting while still protecting their crop history.

Here's how it works.

Wheat - Plant at least 90 percent of the farm allotment to wheat to avoid any allotment loss. Wheat planted above 100 percent of the farm allotment may be considered as feed grain for feed base history purposes. If no wheat or feed grain credited as wheat is seeded for three consecutive years, the allotment is reduced to zero.

Feed grains - Plant at least 45 percent of the feed grain base to feed grains to avoid history loss. Feed grains planted in excess of 50 percent of a farm's base will be considered planted to wheat for allotment preservation purposes. If no feed grain or wheat credited as feed grain is planted for three consecutive years, the entire base is forfeited.

Producers who have questions about this important provision of the set-aside programs should contact their ASCS

office for full explanation so that their planting plans may consider any need for history protection.

ATTACHES REPORT ON WHEAT CROP

Two of the world's major wheat exporting nations--Australia and Argentina--have recently completed their wheat harvests under contrasting conditions. Although neither country approaches the United States or Canada in total wheat production, both contribute significantly to world wheat supplies and together export some 350 million bushels annually.

Here is what Foreign Agricultural Service attaches report about the current crop and wheat situations in these countries.

Australia - Drought conditions over almost the entire wheat belt seriously affected Australian wheat production during the 1972-73 season. Production for the season totaled about 238 million bushels--the smallest crop since 1959-60. As of November 30, 1972 Australian Wheat Board stocks amounted to 53.2 million bushels while farm stocks totaled approximately 5 million bushels of old season's wheat.

Demand for Australian wheat was strong at the end of 1972, and the entire carryover had already been sold forward while most of the 1972-73

exportable surplus had also been committed. Consequently, the only factor which will

influence the 1973 wheat export season is the limited supply available. Contracts with Egypt, Mainland China and the USSR will take up most of the exportable surplus, and relatively little wheat will be available for other markets.



Australian exports of wheat during the 1972 marketing year (beginning December 1, 1971) amounted to 272.9 million bushels. More could have been sold but when it became apparent that the 1972-73 crop would be smaller than anticipated, exports were deliberately held back. Increasing demand for livestock feed and the need to service firm export contracts made this necessary.

Major wheat markets during the 1972 export year were Egypt, Japan, United Kingdom, Chile, USSR, East Germany, and Malaysia.

Argentina - Wheat crop for 1972-73 is expected to exceed 294 million bushels, the largest since 1964-65. Last year's crop was about 209 million bushels.

Wheat exports this year are forecast at about 147 million bushels. By late January much of these exports were already committed and forward sales indicated amount to more than 128 million bushels. This includes a bilateral agreement with Brazil for a minimum of 48 million bushels for 1973 and up to 55 million bushels at Brazil's option.

Sales declarations indicate possible exports to Bangladesh of 18-25 million bushels; Chile, 7 million bushels; India, 7 million; North Korea, 6 million; Italy, 3.5 million; Japan 1.75 million, and Bolivia .75 million bushels.

POINTERS ON SET-ASIDE

This year producers can enroll for wheat and feed grain options which require no set-aside, or they may choose options based on setting aside certain acreages. Those who select options involving set-aside will find there are some new set-aside considerations this year.

One is that a set-aside area, which is less than an entire field, may not be less than 5 acres in size or less than

132 feet in width. There are exceptions to this requirement when the area set aside is less than 5 acres but is either the total set-aside requirement for the farm or the balance of the farm set-aside requirement after other fields have been designated.

As usual, set-aside acreage must be land that would ordinarily be used for crop production and must be at least equal in productivity to other cropland on the farm normally used for producing the crop(s) for which payment is to be made.

Incidentally, measuring service at nominal cost is still available through ASCS county offices where producers need accurate acreage determinations or where they would like quality determinations on set-aside. Both services are guaranteed to the extent they apply to set-aside program participation.

Another change this year will permit set-aside areas to be grazed throughout the year or to be harvested for hay.



Advance notice to the ASCS office of intent to do either of these is required, and the set-aside payment will be reduced.

Producers who don't plan to hay set-aside acreage or graze it year around should observe the prohibited grazing period--generally the five months when forage growth is at its best. In many counties this prohibited grazing period begins April 1 while in others it begins April 16, May 1 or May 16.

Another alternative use for set-aside is the production of non-surplus oilseed crops including safflower, crambe and mustard. Advance notice of intentions to grow one of these oilseed crops

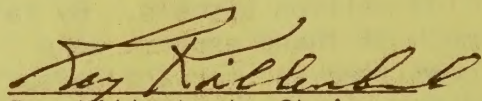
on set-aside is not required. The same payment as for haying will be made when set-aside acreage is used for oil-seed production.

SPREADING IT THIN ... AND QUICK

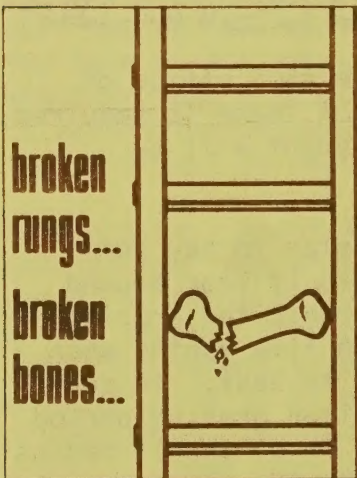
MONTANA CONTINUES to rank second among all States in the number of acres of land in farms, and fifth in average farm size. Texas has more land in farms, while Arizona, Wyoming, Nevada and New Mexico, in that order, have larger farms...WHEAT PARITY at mid-February was \$3.16 per bushel, up a nickel over January and 20 cents more than a year earlier...FEBRUARY AVERAGE market price for wheat was \$1.97 a bushel, down from \$2.38 in January. But on February 15, 1972, the average \$1.34...SHEEP AND LAMBS on Montana farms during 1972 decreased another 4 percent to 955,000 head. The decline nationally during the year was 5 percent to 17,726,000 head. Montana is still sixth among all States in sheep and lamb numbers...INDIA WILL BUY 814,000 tons of food grains from the United States this year. It's part of two million tons to be imported because of drought in many parts of the country. Canada will supply 468,000 tons and

216,000 tons will come from Argentina. CCC IS SOLD out of linseed oil for the first time in nearly nine years. About 387 million pounds of oil, crushed from flaxseed acquired under price support programs between 1964 and 1971, has been marketed, mostly

peaked at 57,700 in 1920...AGRICULTURAL EXPORTS, at more than \$11 billion this fiscal year, are about equal to all our exports of industrial machinery last year...And more than three times our total chemical exports and four times the total exports of all U.S. consumer goods...MILK FOR MANUFACTURING will be supported by USDA at \$5.29 per hundredweight during the year beginning April 1. Support price had been \$4.93. Dairy product supports will be increased 7.25 cents per pound for cheese and 5.8 cents per pound for non-fat dry milk and reduced 6.75 cents per pound for butter...PRICE SUPPORT LOANS and purchases on 1972 crop rye and dry beans are available through March. Availability of support for wheat, oats, barley, flaxseed will continue through April.



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for export...MONTANA HAD 25,500 farms in operation last year and USDA's Statistical Reporting Service estimates there will be 25,120 this year. Farm numbers